

The background of the cover is a photograph of a business meeting. In the foreground, two men in dark suits are shaking hands. The background is blurred, showing other people at a table with papers and a glass of water. The overall scene suggests a professional and collaborative environment.

Energy Community Regulatory Board

Work Programme 2015

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## PRESIDENT'S FOREWORD

I am proud to present the Work Program of the Energy Community Regulatory Board (ECRB) for 2015. Our 2015 activities build on three pillars: providing coordinated regulatory positions to energy policy debates, harmonizing regulatory rules across borders and sharing regulatory knowledge and experience.

The ECRB Work Program 2015 represents continuation of the successful path of almost a decade of joint regulatory discussions that target promotion of competitive, efficient and sustainable regional energy markets. The expertise knowledge of our members builds a bridge between the technical needs of the regulated industry and the interest of customers.

Our specific organizational structure - involving regulators from the Energy Community, the European Union and including representation of the Agency for Cooperation of Energy Regulators (ACER) in our discussions – will also in 2015 continue to provide central support to our mission of ensuring streamlining regulatory rules between the Energy Community and European Union. This is accompanied by strengthening ECRB cooperation with our international partners such as the Agency for the Cooperation of Energy Regulators, the Council of European Energy Regulators and the Mediterranean Energy Regulators.

Beyond that, ECRB is committed to strengthen its role as independent regional voice on questions of strategic regional energy market development. The technical, market and consumer related knowledge of regulators are key ingredients for modelling energy markets in a meaningful way.

A handwritten signature in black ink, appearing to read 'B. Prelević', is positioned above the name of the president.

Branislav Prelević, ECRB President

## ABOUT ECRB

The **Energy Community Regulatory Board (ECRB)** operates based on the Energy Community Treaty. As an institution of the Energy Community<sup>1</sup> the ECRB advises the Energy Community Ministerial Council and Permanent High Level Group on details of statutory, technical and regulatory rules and makes recommendations in the case of cross-border disputes between regulators<sup>2</sup>.

ECRB is the independent regional body of energy regulators in the Energy Community and beyond. ECRB's mission builds on three pillars: providing coordinated regulatory positions to energy policy debates, harmonizing regulatory rules across borders and sharing regulatory knowledge and experience.

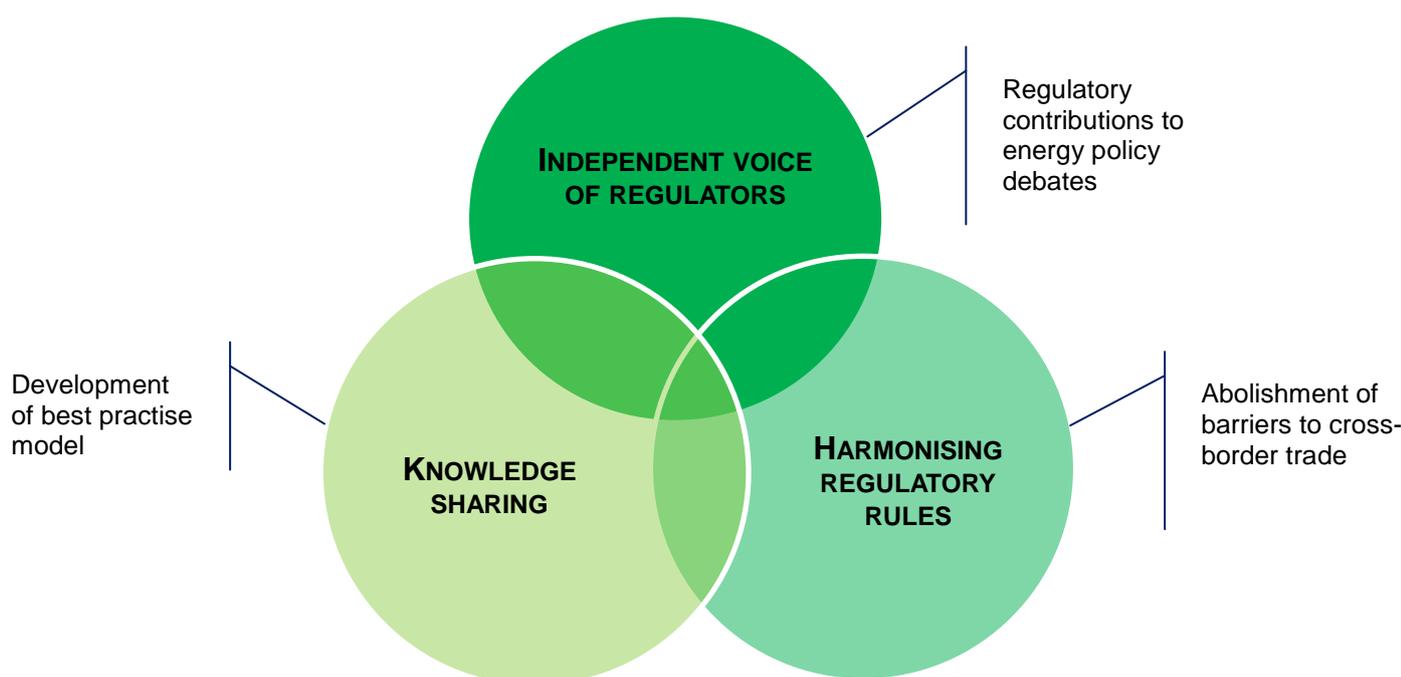


Figure 1: ECRB mission and objectives

<sup>1</sup> [www.energy-community.org](http://www.energy-community.org). The Energy Community comprises the EU and Albania, Bosnia and Herzegovina, Macedonia, Kosovo\*, Moldova, Montenegro, Serbia and Ukraine. Armenia, Georgia, Turkey and Norway are Observer Countries. [\*Throughout this document the symbol \* refers to the following statement: This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence].

<sup>2</sup> The work of the ECRB is supported by the ECRB Section at the Energy Community Secretariat.

# 2015 ACTIVITIES IN BRIEF

As in previous years, activities related to **customer issues**, **electricity** and **gas** form the backbone of the ECRB work also in 2015. This structure mirrors the core areas of regulatory tasks on national level and reflects the building blocks of necessary regulatory cooperation on regional level.

The three pillars of ECRB activities are organised through the relevant Working Groups. Under this general set up, the *Customer and Retail Market Group* covers retail market related aspects of the electricity and gas sectors while the *Electricity Working Group* and *Gas Working Group* focus on wholesale related aspects of the relevant sectors.

Coherent discussion of cross-sectoral areas of work is supported by specific structural governance. Preparation of related deliverables is either performed via the Working Groups (market monitoring), via a dedicated Task Force (investment incentives) or directly on Board level (strategy).

The following illustration provides an overview of ECRB activities in 2015 and shows the relevant reporting structures.

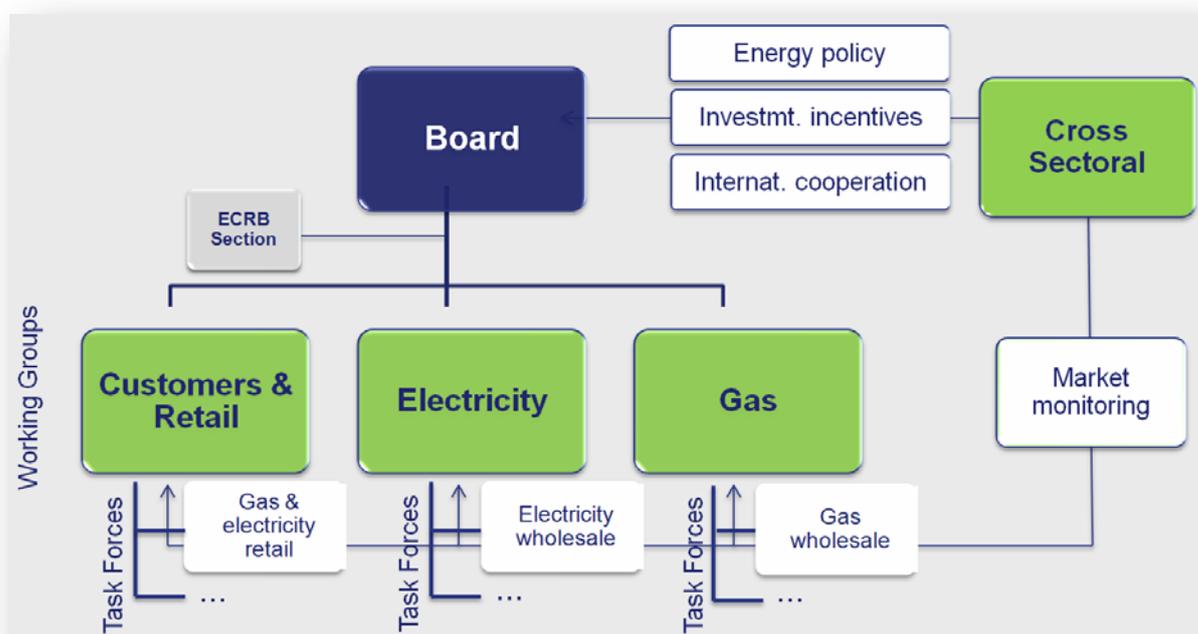


Figure 2: Overview of ECRB activities in 2015

# CROSS - SECTORAL

## 1. Energy Policy

ECRB understands its mission as responsibility to provide coordinated regulatory input to questions of strategic regional energy market development. To this extent, ECRB promotes a regional equivalent to independent national regulators: the central role of regulators for successful establishment of competitive energy markets does not only materialize in regulators' responsibilities related to technical regulation but also essentially calls for active participation of regulators in energy policy discussions. The technical, market and consumer related knowledge of regulators are key ingredients for modeling energy markets in a meaningful way. ECRB understands its role as regional regulatory body also as mandate to represent regulatory positions in regional energy policy discussions.

### Scope of Activities and Deliverables

- a. **High Level Reflection Group:** development of an ECRB position paper related to the HLRG recommendations (including future set up of ECRB) as input to the public consultation on the Energy Community Secretariat's analytical paper of the High Level Reflection Group's report "An Energy Community for the Future"<sup>3</sup>.  
**Deliverable:** ECRB response to the public consultation
- b. **Regulatory independence:** development of an analysis of regulatory independence in the Energy Community.  
**Deliverable:** Status review of the Energy Community Contracting Parties NRA in terms of regulatory independence
- c. **Others:** ECRB activities related to questions of strategic regional energy market development to a certain extent are also function of initiation of related discussions on political level. ECRB is committed to contribute to upcoming energy policy discussions.

## 2. Regulatory Investment Incentives

The Energy Community Ministerial Council in October 2012 approved the Energy Strategy of the Energy Community. As a follow up, a process of identifying Projects of Energy Community Interest (PECI) was initiated mirroring the European discussions on Projects of Common Interest (PCI). A final list of PECI was adopted by the Energy Community Ministerial Council in 2013. The role of regulators in promoting new investments, such as the PECI, is an essential pillar next to accelerated permit granting and financial support to projects.

<sup>3</sup> [http://www.energy-community.org/portal/page/portal/ENC\\_HOME/NEWS/News\\_Details?p\\_new\\_id=9161](http://www.energy-community.org/portal/page/portal/ENC_HOME/NEWS/News_Details?p_new_id=9161).

In the light of this, ECRB in June 2013 issued a recommendation to the Energy Community PHLG and Ministerial Council to “consider adopting the provisions of Regulation (EC) 347/2013 on guidelines for trans-European energy infrastructure, which are instrumental in facilitating investments in the Energy Community”, in particular targeting the regulatory investment incentives provided by Regulation (EC) 347/2013. ECRB, however, also recognized the need to address regulatory support to new investments before a future (potential) entry into force of Regulation (EC) 347/2013. By Procedural Act 2014/01 ECRB-EnC ECRB therefore in April 2014 established an ad-Hoc Task Force “Regulatory Investment Incentives”<sup>4</sup>.

### Scope of Activities and Deliverables

With a view to provide a regulatory framework that is promoting and supporting the realisation of new investments, the ad hoc Task Force will finalise its deliverables started in 2014 following the mandate of Procedural Act 2014/01 ECRB-EnC, namely:

- a. Development of a “**toolbox**” on regulatory investment incentives that can be used by national regulators depending on national specificities;
- b. **Risk evaluation**: development of a common methodology for project risk evaluation.

The preparation of deliverables shall take into consideration the previous work of ECRB in this context and related recommendations of ACER.

**Deliverable:** Discussion paper “Risk related regulatory investment incentives for Projects of Energy Community Interest”

## 3. Market Monitoring

*For details of this cross-sectoral activity, please refer to the relevant activities of the Customers & Retail Markets Working Group, Electricity Working Group and Gas Working Group.*

## 4. International Cooperation

Sharing best practice experience with other regional regulatory bodies is not only recommended from an efficiency point of view but also when keeping in mind the goal of integrating regional markets. ECRB is committed to continue the well established streams of cooperation with the Agency for Cooperation of Energy Regulators (ACER), the Council of European Energy Regulators (CEER), the Mediterranean Regulators (MedReg) and the Energy Regulators Regional Association (ERRA).

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<sup>4</sup> [http://www.energy-community.org/portal/page/portal/ENC\\_HOME/ENERGY\\_COMMUNITY/Legal/Acts](http://www.energy-community.org/portal/page/portal/ENC_HOME/ENERGY_COMMUNITY/Legal/Acts). The mandate of the ad-hoc Task Force referred to in Article 1 is timely limited to the finalisation of activities

Beyond cooperation with other regional regulatory bodies, ECRB also targets keeping close cooperation with the Energy Community Network of Competition Authorities.

### *Scope of Activities and Deliverables*

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ECRB in 2015 targets the following coordination activities:

- **ACER:** Cooperation with ACER, in particular related to participation in the Gas and Electricity Regional Initiatives<sup>5</sup>
- **Competition:** Organisation of a joint ECRB – Energy Community Competition Network meeting
- **CEER:** Organisation of a joint ECRB – CEER Customer Workshop<sup>6</sup>
- **MedReg:** Organisation of an ECRB – MedReg Roundtable

The above listing is not necessarily exhaustive. ECRB remains open to additional cooperation activities.

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<sup>5</sup> Cf. EWG deliverables.

<sup>6</sup> Envisaged; cf. CRM WG deliverables.

# CUSTOMERS & RETAIL MARKETS

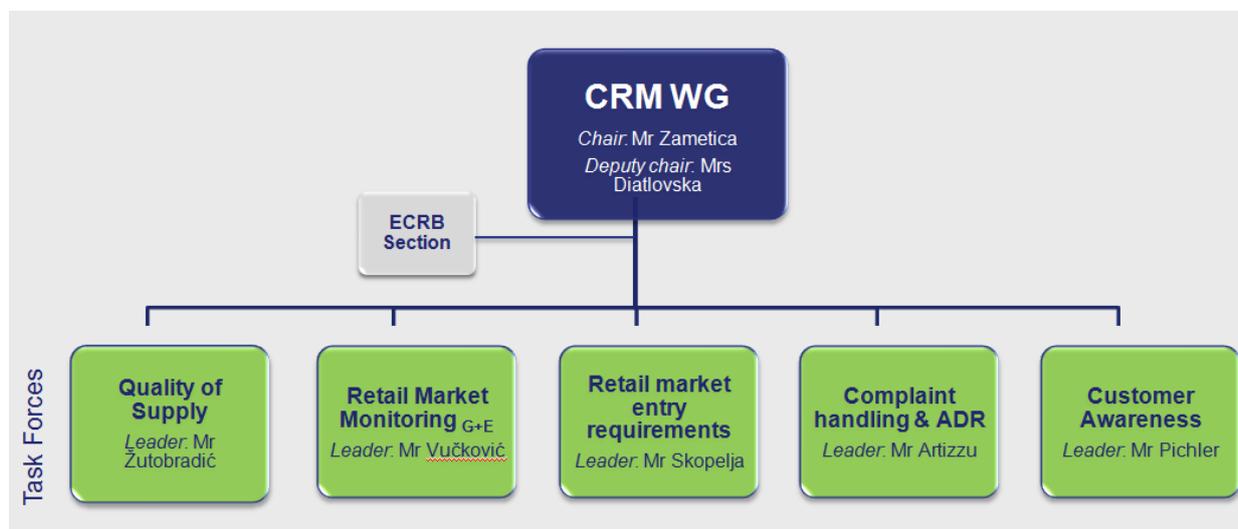


Figure 3: Overview of ECRB Customers & Retail Markets Working Group Activities in 2015

## 1. Task Force I – Quality of Supply

Quality regulation and monitoring is already on ECRB's agenda since 2009<sup>7</sup>. Providing adequate standards in terms of supply services is a central element of customer protection. Regulators take a leading role in ensuring related standards both via rule setting compliance and monitoring responsibilities. Monitoring and benchmarking of the so far reached elements is an important tool for measuring the effectiveness and compliance with the agreed standards.

### Scope of Activities and Deliverables

As a follow up of its related 2011 activities, the ECRB will contribute to CEER's 2015 **Benchmarking Report on Quality of Supply**<sup>8</sup>. This will cover both electricity and gas as well as both commercial and technical quality standards.

**Deliverable:** Joint CEER-ECRB report "Benchmarking Report on Quality of Supply"

<sup>7</sup> ECRB, Quality of Electricity Service Standards and Incentives in Quality Regulation (2009).

<sup>8</sup> This task is a finalization of related activities started in 2014.

## 2. Task Force II – Retail Market Monitoring Electricity & Gas

Market monitoring is a core element of regulatory responsibilities. Only in-depth knowledge of market performance, stakeholder activities and development outlooks allow regulators to create an effective market framework that balances the needs of market players and is able to promote competition, customer protection, energy efficiency, investments and security of supply at the same time. The relevance of regulatory market monitoring is not only recognized by the Energy Community *acquis communautaire* but has also already been in the centre of ECRB activities during the past years.

### Scope of Activities and Deliverables

Based on a workshop held in 2014 with the support of ACER, ECRB decided to initiate a monitoring activity mirroring the one of ACER, adjusted to data availability and market development in the Energy Community and prepare a **Market Monitoring Report**, covering electricity and gas both on retail and wholesale level that

- Assesses the electricity and gas markets in the Energy Community;
- Identifies potential barriers; and
- Discusses recommendations on potential improvements.

The CRM Working Group will in this context be responsible for preparation of the **gas and electricity retail market related parts** of the Market Monitoring Report<sup>9</sup>.

## 3. Task Force III – Retail Market Entry Requirements

Simple as possible rules for new retailers' entry into national markets are essential for successful retail market opening. At the same time, gas and electricity market regulation needs to also address complex technical structures and industry requirements. The publication of all relevant market rules might therefore not necessarily be enough for facilitation of new retailers' market entry. Promotion of retail market opening should be supported by means of tailor made communication.

### Scope of Activities and Deliverables

A brief and illustrative **overview of the requirements** new retailers have to meet for entering the national retail markets will be prepared in form of a brochure / leaflet. This document is meant for use on national regulator's websites and similar.

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<sup>9</sup> For the parts on electricity and gas wholesale markets please see the Work Program of the Electricity and Gas Working Groups.

#### 4. Task Force IV – Complaint Handling and Alternative Dispute Resolution

Meaningful and serious handling of customer complaints is not only a necessary tool for customer protection but also an instrument for improving market performance. The number and nature of customer complaints are among most important indicators of customers' satisfaction and serve also to screening retail markets from a customer perspective. Moreover, alternative dispute resolution schemes may represent an efficient, fast and low-cost tool to solve disputes involving consumers and suppliers.

The Energy Community acquis communautaire i.e. Electricity and Gas Directives<sup>10</sup> define consumer protection, including dispute settlement mechanisms and dealing with customer complaints as part of their legislative requirements. ECRB in 2011 published a status report on complaint handling. On European level, regulators developed recommendations on customer complaint collection, handling and reporting in the electricity and gas sectors<sup>11</sup>.

##### Scope of Activities and Deliverables

Comparison of complaint cases and their processing requires commonly accepted classification of complaints. ECRB will look into existing complaint handling classifications and, out of them as well as by using input from European best practice, develop:

- a. Common standards for **complaint case classification**;
- b. Recommendations for best tools for **complaint case recording**.

**Deliverable:** Best practice guidelines for complaint case classification and recording.

Furthermore, the topic of dispute settlement mechanisms and its implementation require a comparison among the ADR schemes in place, also with the view to share best practices<sup>12</sup>.

**Deliverable:** survey comparing the ADR schemes in place, also with the view to share best practices.

#### 5. Task Force V – Customer Awareness

Raising customers' awareness on their role and rights in a liberalized market is a pre-condition for their ability to participate in and benefit from competition. Retail market opening for household customers is on the agenda of the Contracting Parties as of 1 January 2015 the latest. The effective success of market liberalization relies on providing consumers with a transparent and customer friendly regulatory framework that provides for adequate protection of consumers' needs. In the light of this, particular regulatory emphasis should be given to informing retail

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<sup>10</sup> OJ L 176 of 15.7.2003, p. 37 et seqq ("Electricity Directive"); OJ L 176 of 15.7.2003, p. 57 et seqq ("Gas Directive").

<sup>11</sup> ERGEG GGP on Customer Complaint Handling, Reporting and Classification, June 2010 ([http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_PUBLICATIONS/CEER\\_ERGEG\\_PAPERS/Guidelines%20of%20Good%20Practice/Other/E10-CEM-33-05\\_GGP-ComplaintHandling\\_10-Jun-2010.pdf](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_ERGEG_PAPERS/Guidelines%20of%20Good%20Practice/Other/E10-CEM-33-05_GGP-ComplaintHandling_10-Jun-2010.pdf))

<sup>12</sup> On the topic of ADR please see Directive 2013/11/EU on alternative dispute resolution for consumer disputes, OJ 165 of 18.6.2013.

customers on their rights and responsibilities in a liberalized market and strengthening customers' knowledge on the tools and mechanisms available to them in a competitive market.

### *Scope of Activities and Deliverables*

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Following up the related activities in 2013 and 2014, ECRB will also in 2015 organize a Workshop on customer issues. The scope of this activity is exchange of knowledge between regulators of the Energy Community and European Union on topics of common interest in particular related to customer involvement and retail market opening<sup>13</sup>. Energy Community regulators can, in this context, benefit from experiences already made on European level related to customer relevant aspects of market opening and consumer protection.

**Deliverable:** Workshop on customer issues<sup>14</sup>

In addition ECRB will contribute to the "Education - Awareness raising" campaign targeted by the Energy Community Energy Efficiency Coordination Group<sup>15</sup> in the field of customer education activities by national regulators and / or on regional level.

**Deliverable:** development of ECRB input to the "Education - Awareness raising" campaign targeted by the Energy Community Energy Efficiency Coordination Group.

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<sup>13</sup> A detailed Workshop agenda shall be developed in cooperation with CEER.

<sup>14</sup> Envisaged as joint workshop with CEER>

<sup>15</sup> [http://www.energy-community.org/portal/page/portal/ENC\\_HOME/DOCS/3464155/Potential\\_Regional\\_Project.pdf](http://www.energy-community.org/portal/page/portal/ENC_HOME/DOCS/3464155/Potential_Regional_Project.pdf).

# ELECTRICITY

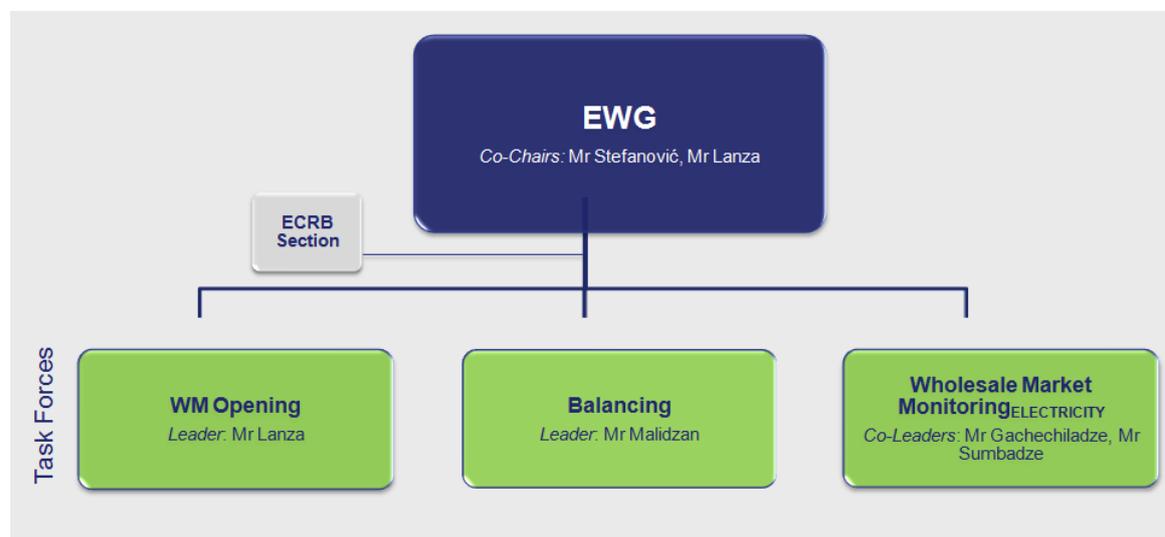


Figure 3: Overview of ECRB Electricity Working Group Activities in 2015

## 1. Task Force I – Wholesale Market Opening

Effective wholesale market opening (WMO) is a key pillar of and starting point for establishing a competitive regional electricity market in South East Europe and its integration with the European market. A harmonized regulatory approach is necessary for establishing a regional wholesale market. The so-called *Regional Action Plan for Electricity Wholesale Market Opening in South East Europe (SEE RAP)*<sup>16</sup> provides the key pillars of electricity wholesale market opening in line with the European Target Model for Electricity Market Integration, namely:

- Harmonisation of methodologies/ procedures for capacity calculation
- Forward capacities
- Day-ahead markets
- Intraday markets

In 2015 the European Union Internal Energy Market is going to be successfully completed. A very large area of free energy trade has been created thanks to a bottom-up approach, i.e. the Electricity Regional Initiatives (ERI) governed by ACER. The 8th Region can take profit from the experience accumulated in the other Regions and deliver a concrete project in order to open up national electricity markets and integrate them in a single wholesale market. Methodologies and organization developed for ERI can be adopted also by the Balkan Region, taking duly into account the existing differences

<sup>16</sup> Jointly developed by ECRB and ENTSO-E Regional Group SEE.

### Scope of Activities and Deliverables

With a view to support effective wholesale market opening in the 8th Region, activities will focus on regulatory support and monitoring of the implementation of the SEE Regional Action Plan. Main components of SEE RAP monitoring activities are:

- a. surveying major electricity sector developments in each Contracting Party, as well as in the EU MS within the 8<sup>th</sup> region and presenting the results in the quarterly bulletin;
- b. surveying implemented cross-border capacity allocation mechanisms at each electricity border in the 8th region including: modality of mechanism (split 50:50; joint auctions, SEE CAO, other), info on TSO or CAO which is charged for contact and submission of requests for capacity including web link for the platform, etc.); to be performed twice a year (subject of the decision of EWG at the February meeting). Presenting results in Tetris tables.
- c. Review of SEE RAP progress in visual form of different maps; to be performed twice a year (subject of the decision of EWG at the February meeting); work on checking fulfillment of charged stakeholders for accomplishing the SEE RAP, and in line with the SEE RAP deadlines;
- d. Participation in ACER ERI quarterly reporting. This activity will be carried out in cooperation with ACER and published as annex to the ACER reports on the developments of the European Regional Electricity Initiative.

ECRB will also be engaged on ad-hoc basis on commenting or preparation of harmonized and joint proposals for ECRB approval, producing recommendations regarding the SEE CAO related documents, cross-border capacity allocation procedures and mechanisms in the 8<sup>th</sup> region and other relevant activities for enhancing the electricity market opening.

#### **Deliverables:**

- a. Quarterly Bulletin,
- b. Tetris Table with Capacity allocation Information,
- c. SEE RAP progress monitoring report.
- d. ACER ERI Biannual Reports and the integrated WMO review file

## **2. Task Force II – Balancing Market Integration**

Envisaged implementation of the Electricity Balancing and Load Frequency Control & Reserves Network Codes in the Region gives additional impetus to implementation of market based balancing mechanisms and balancing markets integration: linking the national markets to a regional and more dynamic market would promote the transparent formation of balancing prices, introduce competition in the procurement of balancing services, and positively affect grid stability. Within the 8th Region, especially the Energy Community's Contracting Parties' balancing mechanisms are often not market based, lack functioning imbalance settlement procedures, and do not provide for cross-border procurement of balancing energy and reserves. In the majority of

the Contracting Parties, the provision of balancing energy is not separated from the provision of balancing capacity. A move towards more market based structures is already discussed in some Contracting Parties or expected to be started with the ongoing implementation of the Third Energy Package. When reaching the necessary maturity of market-based balancing mechanisms and cross-border capacities' allocation on intraday level in the 8<sup>th</sup> region, this task force will initiate discussions and proposals on introducing regional balancing mechanism in cooperation with SEE TSOs (ENTSO-E RG SEE).

### ***Scope of Activities and Deliverables***

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- a. ECRB will perform a survey on the existing imbalance settlement models in the Energy Community, as a prerequisite for initializing activities on implementation of the Electricity Balancing Network Code and analysis of options for regional balancing markets integration.
- b. In order to enhance streamlined establishments of balancing market frameworks and ensure balancing responsibility, ECRB will develop a check list illustrating the key pillars of a market based regulatory balancing model. The check list will be published in form of a recommendation paper.
- c. Follow-up to the study "Impact Assessment of Regional Balancing Integration in the Southeast European Electricity Market".

#### **Deliverables:**

- a. Survey on the existing imbalance settlement models in the Energy Community.
- b. Recommendation on a checklist for developing a market based balancing model.
- c. Follow-up to the study "Impact Assessment of Regional Balancing Integration in the Southeast European Electricity Market".

### **3. Task Force III – Wholesale Market Monitoring Electricity**

Market monitoring is a core element of regulatory responsibilities. Only in-depth knowledge of market performance, stakeholder activities and development outlooks allow regulators to create an effective market framework that balances the needs of market players and is able to promote competition, customer protection, energy efficiency, investments and security of supply at the same time. The relevance of regulatory market monitoring is not only recognized by the Energy Community *acquis communautaire* but has also already been in the centre of ECRB activities during the past years.

With consultancy support financed by USAID, ECRB in 2014 published Market Monitoring Guidelines (MMG) that focus on electricity cross-border trade and, in particular, the calculation and use of cross-border capacities. The MMG aim at increasing transparency of the electricity markets and strengthen cooperation among NRAs to monitor markets in accordance with Regulation (EC) 714/2009 and Directive 2009/72/EC. Use of the MMG is supported by a monitoring database and a web interface.

### Scope of Activities and Deliverables

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- a. **Market Monitoring Report:** based on a workshop held in 2014 with the support of ACER, ECRB decided to initiate a monitoring activity mirroring the one of ACER, adjusted to data availability and market development in the Energy Community and prepare a Market Monitoring Report, covering electricity and gas both on retail and wholesale level that
- Assesses the electricity and gas markets in the Energy Community;
  - Identifies potential barriers; and
  - Discusses recommendations on potential improvements.

The Electricity Working Group will in this context be responsible for preparation of the **electricity wholesale market related part** of the Market Monitoring Report<sup>17</sup>.

- b. **SEE Market Monitoring Guidelines:** regional MM Administrator rotation scheme and identification of trouble shoot need and possible additional monitoring areas (e.g.SEE CAO).
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<sup>17</sup> For the gas wholesale market part please see the Work Program of the Gas Working Group; for the gas and electricity retail markets part please see the Work Program of the Customers & Retail Markets Working Group.

# GAS

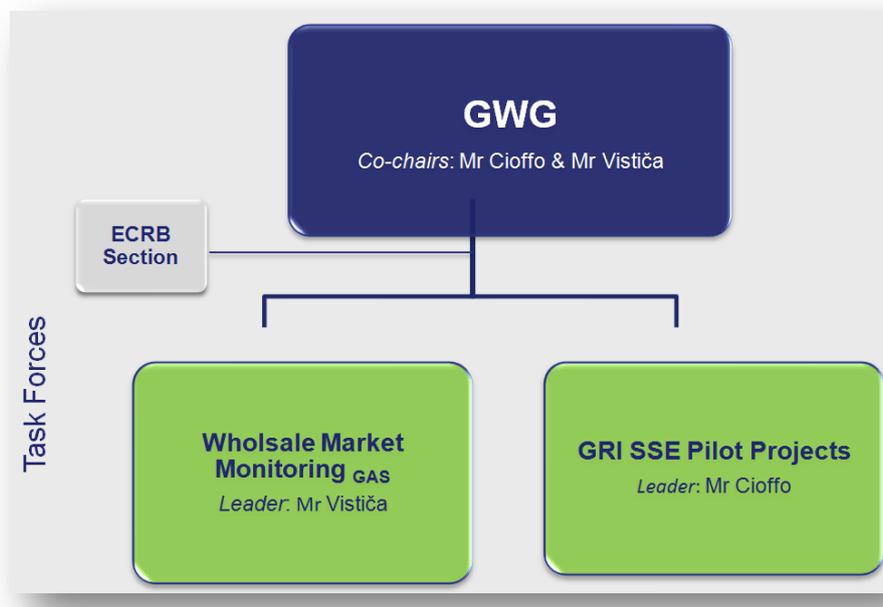


Figure 4: Overview of ECRB Gas Working Group Activities in 2015

## 1. Task Force I – Wholesale Market Monitoring Gas

Market monitoring is a core element of regulatory responsibilities. Only in-depth knowledge of market performance, stakeholder activities and development outlooks allow regulators to create an effective market framework that balances the needs of market players and is able to promote competition, customer protection, energy efficiency, investments and security of supply at the same time. The relevance of regulatory market monitoring is not only recognized by the Energy Community *acquis communautaire*<sup>18</sup> but has also already been in the centre of ECRB activities during the past years.

### Scope of Activities and Deliverables

Based on a workshop held in 2014 with the support of ACER, ECRB decided to initiate a monitoring activity mirroring the one of ACER, adjusted to data availability and market development in the Energy Community and prepare a **Market Monitoring Report**, covering electricity and gas both on retail and wholesale level that

- Assesses the electricity and gas markets in the Energy Community;
- Identifies potential barriers; and

<sup>18</sup> <http://www.energy-community.org/pls/portal/docs/2178178.PDF>. Ref. Article 37 Electricity Directive 72/2009/EC and Article 41 Gas Directive 73/2009/EC.

- Discusses recommendations on potential improvements.

The Gas Working Group will in this context be responsible for preparation of the **gas wholesale market related part** of the Market Monitoring Report<sup>19</sup>.

**Deliverable:** ECRB Market Monitoring Report.

## 2. Task Force II – GRI SSE Pilot Projects

The Regional Initiatives for Electricity<sup>20</sup> and Gas<sup>21</sup> (ERI, GRI) are governed by ACER. In the gas sector ACER and GRI South South East (SSE)<sup>22</sup> recently started an initiative to include the CPs in the activities of GRI SSE<sup>23</sup>. This process represents a well designed tool for meaningful participation of EnC NRAs in ACER: it allows for identification of practical pilot projects between EU and EnC MSs that target the abolishment of barriers to cross border trade and facilitates implementation of the Third Package related Network Code / Guideline Regulations.

### Scope of Activities and Deliverables

The Gas Working Group will discuss meaningful and coordinated Contracting Parties' participation in the GRI SSE pilot projects with a view to facilitate their participation in GRI SSE.

- Transparency:** in a first step activities will address the GRI SSE pilot project on transparency targeting compliance with transparency requirements of the *acquis* on interconnection points between the EU and Energy Community
- Analysis of the options for participation in future pilot projects:** this activity will target the options and requirements for Contracting Parties participating also in other GRI SSE pilot projects such as, e.g., provision of bundled capacities and/or balancing.
- Study “Natural Gas Market integration in EnC”:** Unlike the electricity Target Market Model, the gas target model (GTM) allows for several options for regional gas market integration. Currently several regional market integration pilot projects are being investigated in EU (V4 integration, Iberian gas market, COSIMA project, CEETR...). The proposed study is aimed to develop options for a market integration project in line with revised GTM as currently discussed on EU level, comprising Contracting Parties and EU Member States, and pave a way for implementing the relevant Network Codes and GTM in the region. Indicative elements of the scope of work are:

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<sup>19</sup> For the electricity wholesale market part please see the Work Program of the Electricity Working Group; for the gas and electricity retail markets part please see the Work Program of the Customers & Retail Markets Working Group.

<sup>20</sup> [http://www.acer.europa.eu/Electricity/Regional\\_initiatives/Electricity\\_Regional\\_Initiatives/Pages/Electricity-Regional-Initiatives.aspx](http://www.acer.europa.eu/Electricity/Regional_initiatives/Electricity_Regional_Initiatives/Pages/Electricity-Regional-Initiatives.aspx).

<sup>21</sup> [http://www.acer.europa.eu/Gas/Regional\\_%20Intiatives/Pages/Gas-Regional-Iniciatives.aspx](http://www.acer.europa.eu/Gas/Regional_%20Intiatives/Pages/Gas-Regional-Iniciatives.aspx).

<sup>22</sup> [http://www.acer.europa.eu/Gas/Regional\\_%20Intiatives/South\\_South-East\\_GRI/Pages/default.aspx](http://www.acer.europa.eu/Gas/Regional_%20Intiatives/South_South-East_GRI/Pages/default.aspx).

<sup>23</sup> Ref. presentation of Dennis Hesseling at 26<sup>th</sup> European Gas Regulatory Forum, 15-16.10.2014 (Madrid), presentation 03.A.01 available at: [http://ec.europa.eu/energy/gas\\_electricity/gas/forum\\_gas\\_madrid\\_en.htm](http://ec.europa.eu/energy/gas_electricity/gas/forum_gas_madrid_en.htm). In the electricity sector the CPs form the so-called 8th Region. Coordination of the 8th Region with the other seven EU Regions is ensured via already existing involvement of the 8th Region in the ACER ERI Coordination Task Force, including reporting on developments (ref. Electricity Working Group Work Program 2015).

- Assessment of the capacity situation (both physical and contractual) at relevant interconnection points with a view to implementing one of the GTM market integration models;
- Propose options for geographical scope of the market integration along the relevant import routes (e.g. Serbia-Hungary-Austria; Serbia-Hungary; Serbia- Hungary-Austria-Ukraine) and market integration model in line with GTM II (full merger, trading region, satellite market)
- Quantitative cost-benefit analysis of the identified options and recommendation for implementation
- Identify barriers for implementation

In this context it is noted that participation in GRI SSE pilot projects does not necessarily confirm implementation but rather a commitment to discuss options for realisation, develop cooperation streams across borders and, also, identify potential barriers to realisation including considerations for overcoming such.

**Deliverables:**

- a. Improving compliance with transparency requirements of the *acquis* on interconnection points between the EU and Energy Community as pilot project under the GRI SSE;
- b. Analysis of the options for and requirements for Contracting Parties participating also in other GRI SSE pilot projects such as, e.g., provision of bundled capacities and/or balancing.
- c. Study “Natural gas market integration in the Energy Community”<sup>24</sup>.

### 3. Other Topics of Discussion

With a view to increase knowledge on certain aspects of gas market regulation and exchange related experience, the ECRB Gas Working Group will include lecture and discussion sessions in its regular meeting agenda targeting expertise sharing by experienced regulators, system operators and other stakeholders on specific topics of interest such as but not limited to:

- **Gas fired power plants:** existing and planned gas fired power plants in the Contracting Parties (basis characteristic and use); European best practise; European capacity mechanism experiences and argumentation

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<sup>24</sup> Subject to either financial support by the Energy Community Secretariat or funding by one / several NRAs.

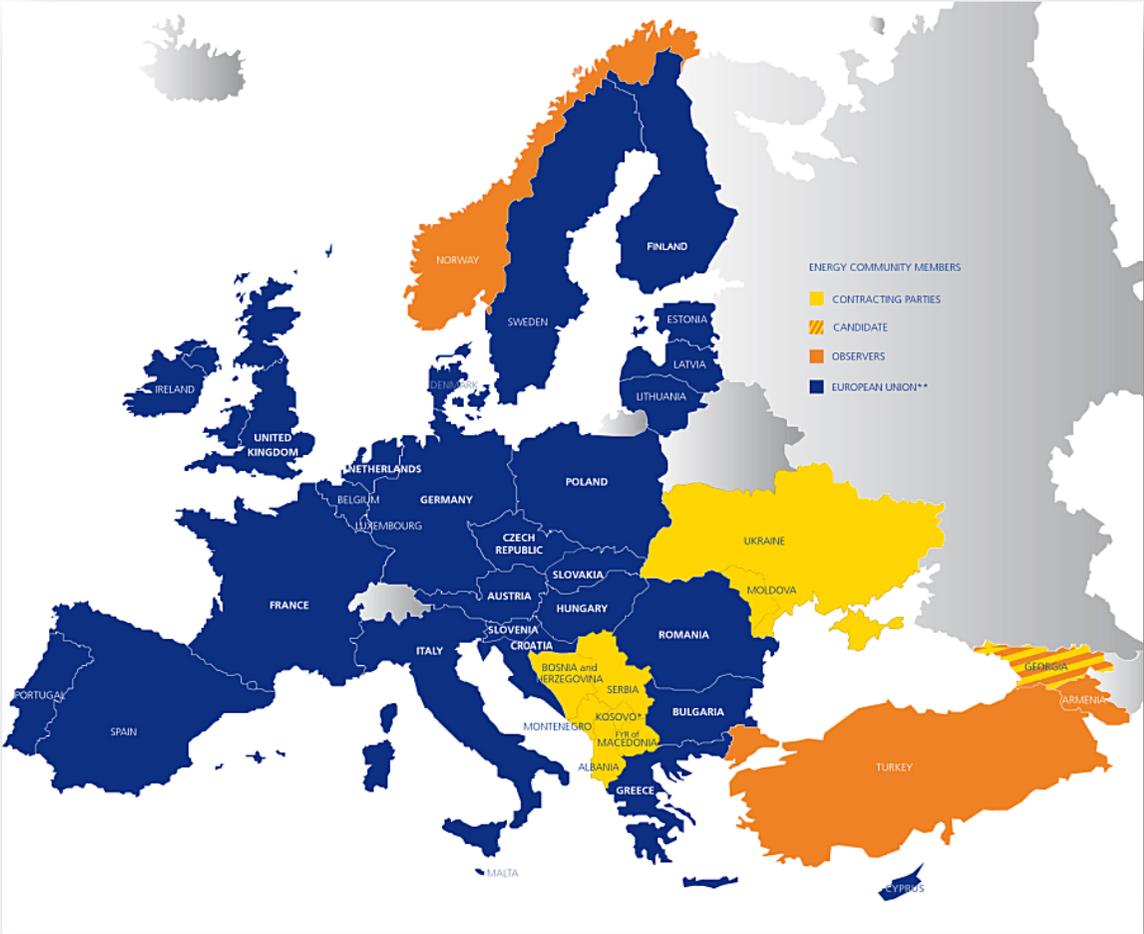


Figure 5: The Energy Community